



Kids Curriculum

Instructor Guide - 6th-8th Grade

Accounts, Savings, Budgets, and Expenses

Sixth Grade/6a

Budgets and Lifestyles

Students are introduced to the concept of financial literacy and how learning about money can give people an advantage in life. They learn how budgeting benefits people regardless of how much money they have. Students connect budgeting with lifestyle choices by playing a budgeting game where they help characters make budgeting decisions that allow them to accomplish their lifestyle goals. The lesson guides students to relate budgets and financial choices with spending, saving, and lifestyle goals.



Lesson Time:
45 minutes



Instructor Guide

Standard: Describe a budget and how it can help reduce expenses and track money.

- 6a: What is a budget and how does it help me?

Essential Questions

- What are some big life events that people typically prepare for?
- Why do I want to save?
- What are some of my lifestyle goals now?
- What kind of financial plans do people use to save for big life events?
- How can I save my income?
- How much of my income can I save each week? Each month?
- What are some of my expenses now?
- How can budgeting and saving money help me reach my goals?
- What goes into a budget?
- How does a budget work?

Skills

- Explain how having a budget relates to achieving my life goals.
- Connect budgeting and savings with lifestyle goals.
- Choose and define options that can reduce expenses.
- Read and create a basic budget worksheet.

Vocabulary

- Budget – An estimated list of income and expenses over a period of projected time.
- Principal – The original sum of money borrowed as a loan or put into an account or investment.
- Expenses – Money needed to pay for goods or services. These can be essential needs or wants. Money that goes out = “ex”penses.
- Income – The amount of money earned that comes “in.”
- Financial Literacy – Understanding the topic of money.

Materials Needed

- None

Lesson

Connection (4 mins):

- Split the class into groups. Present each group with one of these questions to discuss.
 - What percentage of lottery winners waste all their money within a few years?
 - ◆ According to CNBC, lottery winners are more likely than the average American to go bankrupt within 3-5 years.
 - ◆ Source: <https://www.cnbc.com/2017/08/25/heres-why-lottery-winners-go-broke.html>
 - How many NBA and NFL players are broke or bankrupt within five years of retirement from sports?
 - ◆ According to Sports Illustrated, 78% of NFL players who are retired for only two years file for bankruptcy, and after five years of retirement, 60% of NBA players suffer the same fate.
 - ◆ Source: <https://www.investopedia.com/financial-edge/0312/why-athletes-go-broke.aspx>
- After 2-3 minutes, have groups share what they discussed.
 - Why is this happening? Possible reasons are that lottery winners stop working. Both groups might start going out and spending much more than they used to. They give away money and taxes often negate some of the winnings or earnings.
 - The message is that even if you have or get a lot of money, you still need to be smart about how to manage it.

Teaching Point (1 min): “Today I am going to teach you what a budget is and how it can help you make smart financial choices.”

Teacher Model (10 mins):

- Explain to students that people who do not have smart money habits or who are financially illiterate can make poor financial choices, regardless of how much money they have. Statistics show that it is important to become financially literate so that you don't become a statistic in the future and budgets are an important tool to help you manage your finances.
- Review and discuss these terms:
 - Budget – Estimated plan for income and expenses.
 - Lifestyle – The way you live, including attitudes, materials, possessions, activities, and choices.
- Discuss why it is important to budget:
 - It helps you plan.
 - It helps you see where your money is going and the percents used for expenses and savings.
 - It helps you designate and plan areas for saving and spending.

- Define and describe these terms: frugal, over-spender, average spender
 - Frugal: Tries hard not to spend much money.
 - Average Spender: Spends in a balanced way.
 - Over-spender: Spends more than is wise, possibly spending more than one's income.

Active Engagement/Independent Practice (17 mins):

- Introduce the game to students by explaining the following:
 - You will be playing a budgeting game to learn the importance of budgeting. The game will help you build an understanding of how important budgeting is for your personal finances.
 - To begin, you will choose one of the four Characters in your Student Guide Character Cards pages.
 - You will then be teamed with other students who have selected the same character.
 - Work together and discuss the character's current situation, financial decisions, budget, and goals.
 - ◆ Answer Part I questions together.
 - ◆ What kind of lifestyle does this character live?
 - ◆ Is this character able to do everything he/she wants to do?
 - ◆ Does this character have enough free time to fully experience life?
 - ◆ How would you describe this character's spending habits?
 - ◆ What (if anything) is getting in the way of this character's enjoyment of fun activities with his friends?
 - Your team will then work together to create a future "sample" budget for your character, using the Character Lifestyle Choices Student Guide page to guide your budgeting decisions.
- Allow teams to spend 15 minutes analyzing their characters, answering questions in Part I, and developing a new budget for their character.
- If time allows, teams can choose a second character to discuss.

Group Share/Link/Summarize Learning (5 mins):

- Teams will introduce their characters to the rest of the class and share their analyses.
 - Guide students to share how the changes they suggested help the character develop stronger financial decision-making about their budgets.

Application of Skills and Assessment (8 minutes):

- After the class discussion, students should complete Part II independently.
 - Students will complete Part II and answer questions about what has changed about the character's lifestyle and spending habits. Think about how the new recommendations for budgeting can help with life goals.
 - Part II Reflection questions:
 - ◆ How can you help your character with her budget and goals?
 - ◆ Were you able to help your character reach her goal?
 - ◆ What has changed about her lifestyle?
 - ◆ Do her spending habits change? How? (Think about needs and wants.)
 - ◆ Can she still enjoy her life and time with friends?



Rubric for Assessment

| Exceeds Standard | Met Standard | Approaching Standard | Did Not Yet Meet Standard |
|--|--|---|--|
| <ul style="list-style-type: none">→ Student analyzes and discusses character cards. | <ul style="list-style-type: none">→ Student analyzes character card. | <ul style="list-style-type: none">→ Student reads the character cards, but misses some of the information. | <ul style="list-style-type: none">→ Student does not participate or understand character connections. |
| <ul style="list-style-type: none">→ Student shows a strong understanding of how lifestyle, spending, and saving relate to choices and budgets. | <ul style="list-style-type: none">→ Student shows an understanding of lifestyle, spending, and saving. | <ul style="list-style-type: none">→ Student shows an understanding of spending and saving but does not connect it to lifestyle. | <ul style="list-style-type: none">→ Student shows some or no understanding of how lifestyle is connected to spending and saving. |
| <ul style="list-style-type: none">→ Student gives appropriate recommendations and helps the character with new choices. | <ul style="list-style-type: none">→ Student can give recommendations to help with new choices. | <ul style="list-style-type: none">→ Student cannot make changes to help make recommendations. | <ul style="list-style-type: none">→ Student does not show an understanding of budgeting and cannot make recommendations. |

Parent Note

Help your child read through and compare the character cards. Have your child choose one to focus on and make recommendations. Talk about the difficult choices and ways to help the character budget his or her money.

Teacher Printable items

None

Jobs vs. Careers

This lesson introduces students to the differences between “jobs” and “careers.” They practice sorting various employment into the two categories based on the demands, characteristics, and requirements of the position. They discuss personality traits that make people good fits for particular jobs or careers. Students identify personality traits of their own and conduct research to identify both jobs and careers that match their personality traits.


Lesson Time:
45 minutes



Instructor Guide

Standard: Explain how a job is different from a career and how preparing for a career has various costs, but also has expected financial returns.

- Lesson 6a: Job versus Career. Explain differences and find comparisons.

Essential Questions

- What is the difference between a job and a career?
- What are some of the different types of jobs and businesses?
- How can I describe my own personality traits?
- How could my personality traits connect to different jobs and businesses?

Skills

- Explain the difference between a job and a career.
- Match my personality to a career and provide a rationale.

Vocabulary

- Lifestyle – Ways in which we prefer to live our lives.
- Career – The job or profession that someone does for a long period of life, with the chance to continue to advance in that field.
- Job – Work done in exchange for income that does not usually require higher education or training.

Materials Needed

- Two signs: “Job” and “Career” written in big letters so they can be visible throughout the classroom.

Lesson

Connection (4 mins):

- Display the Personality Trait List page for students. Remind students that we choose jobs and careers based on our interests and traits. Ask students to write down at least three traits that they identify with from the list.
- Ask students, "What is the difference between a job and a career?" Allow students to express their understanding of the terms. Then explain that, while there are similarities between the two and they are often used interchangeably, there are in fact some differences.

Teaching Point (1 min): "Today we will learn about the difference between jobs and careers."

Teacher Model (10 mins):

- Explain that jobs are short-term ways to get money and they often don't require extensive training or education. They also don't help you develop skills that lead to further opportunities. On the other hand, careers are long-term investments for which you often need special training or a college degree. When you have a career, you develop skills at each job that will help you reach your long-term goal. Some jobs can become careers later, but movement through the company will take longer. For example, a Target cashier can become a full-time manager, but it may take upwards of 10 years; whereas a college degree in management may help her get that position quicker.
- Create a T-chart with the terms 'Job' and 'Career' as the headings. Randomly read the descriptions below out loud and ask students to decide which heading they belong under. Write the correct answers in the T-chart after each discussion.

| Jobs | Careers |
|--|---------------------------------------|
| • Can be part-time employment | • Full-time |
| • Short-term (can change often) | • Take planning and goal-setting |
| • Do not require special education or training | • Long-term commitment |
| • Pay is lower | • Require education or special skills |

- Finish the discussion by asking students, "What similarities do jobs and careers have?" Guide the discussion until students recognize that both are considered work, both give you money, and both can be based on your skills or interests.

Practice Together (10 mins):

- Place the vocabulary signs on two separate walls in the classroom. Explain that you will read out a description using the Career vs. Job page and students will move to the wall they think best represents the description. Once students have made it to the side they have chosen, ask them to discuss their rationale with a partner from the group. Randomly choose one person from each side to state their positions and explain the information in the scenario that supports their positions.
- Before revealing the answer, ask students to find a partner in their groups to discuss the personality traits of a person who would be good at that job or career. You can allow them to choose from the provided list or come up with their own. Once students have shared and discussed as a class, reveal the answer and read the next description.

Active Engagement/Independent Practice (17 mins):

- Students use the Job and Career Investigation page of the Student Guide to research one job and one career that fit their personality traits:
 - List three to five of your personality traits.
 - Research the following information for one job and one career that would fit with your personality traits. Choose a job you would be interested in having as a high school or college student and a career that you would want after getting a college degree.
 - ◆ Average Salary
 - ◆ Hours spent working
 - ◆ Education/Training needed
 - Reflection questions:
 - ◆ Based on the information you researched, what did you notice was the difference between the job and the career you chose?

Group Share/Link/Summarize Learning (3 mins):

- Ask students to find a partner to share their research and reflection statement.

Assessment: Collect the Job and Career Investigation page of the Student Guide.

Rubric for Assessment

| Exceeds Standard | Met Standard | Approaching Standard | Did Not Yet Meet Standard |
|---|--|--|--|
| → Student lists more than three personality traits. | → Student lists three personality traits. | → Student lists fewer than three personality traits. | → Student does not provide personality traits. |
| → Student chooses a career and a job directly related to the personality traits and explains why. | → Student chooses a career and a job related to the personality traits and explains why. | → Student chooses a career and a job that relates to the personality traits but doesn't effectively explain why. | → Student chooses a career and a job that does not relate to the personality traits. |
| → Student answers all research questions. | → Student answers all research questions. | → Student answers some research questions. | → Student does not answer all research questions. |
| → Student provides a thoughtful explanation of jobs/careers based on the research. | → Student provides an explanation of jobs/careers based on the research. | → Student provides an explanation of jobs/careers but it was inaccurate. | → Student does not provide an accurate explanation of jobs/careers. |

Parent Note

For each section, take on the role of the teacher. Aid in the process of choosing personality traits for your child by highlighting traits you notice about him/her while allowing him or her to choose some of his/her own as well. Instead of placing signs on either side of the room, cut out the descriptions and allow your child to physically sort the cards into either group.

Teacher Printable items

- Personality Trait List
- Career vs. Job

Personality Trait List

| | |
|-------------|-----------------|
| Adventurous | Honest |
| Analytical | Independent |
| Calm | Leader |
| Cheerful | Loyal |
| Clever | Organized |
| Competitive | Patient |
| Confident | Persuasive |
| Courageous | Positive |
| Creative | Problem-solver |
| Curious | Quiet |
| Determined | Relaxed |
| Honest | Responsive |
| Easygoing | Logical thinker |
| Energetic | Shy |
| Focused | Serious |
| Helpful | Talkative |

Personality Trait List

| | |
|---|---|
| <p>James is a veterinarian. He diagnoses health issues in animals and performs surgery when necessary. It took James 8 years to become a veterinarian because he had to go to a special veterinarian medical school. Does James have a job or a career?</p> | <p>Ben is a waiter at a fancy restaurant in town. He makes over \$200 each night in tips from customers. When he first started his job, his boss made him take a week-long training. Does Ben have a job or a career?</p> |
| <p>Sara has been a meteorologist for the local news channel for 11 years. She gives the weather report every day at 8 p.m. Not everyone can tell the weather; Sara had to get a college degree to learn how to do it. Does Sara have a job or a career?</p> | <p>Sharon is a barista at a coffee shop close to her high school. She makes delicious drinks for her customers. She has worked there for a year and a half. When she graduates, she wants to keep working at the coffee shop to help pay for college. Does Sharon have a job or a career?</p> |
| <p>Tim is an airplane pilot. He didn't need to go to college, but he went to a training school to practice flying planes. He needed a total of 1500 hours of practice flying before he could become a pilot. Does Tim have a job or a career?</p> | <p>Mondo is a housekeeper for a large family of four. The home has 14 bedrooms so Mondo keeps very busy. Mondo has many skills that he learned from his father growing up that make him a good housekeeper, including sewing and cooking. Does Mondo have a job or a career?</p> |
| <p>Rita decided that she wanted to become a librarian. She started volunteering at her local library to learn more about the job and get some practice developing the skills. They told her that, after she graduates from high school, she can work as an assistant to the librarian. However, it will be a few years of college before Rita can become a librarian. Does Rita want a job or career?</p> | <p>Delilah is a school bus driver. She started working for the bus company 5 years ago. Before Delilah was a school bus driver, she worked as a cashier at a grocery store. She had to take a week-long training to learn about the bus and get her license to drive it. Does Delilah have a job or a career?</p> |
| <p>Mr. Kenda was a 6th-grade science teacher for 9 years. While he was teaching, he decided to take a special test that would allow him to work as an assistant principal. He worked as the assistant principal for 5 years before becoming principal of his school. Does Mr. Kenda have a job or a career?</p> | <p>Jessica is a grocery stocker at her local grocery store. She puts all of the groceries onto the shelves. She started working at the grocery store after school because her mom knew the manager. Jessica had never worked anywhere else before. Does Jessica have a job or a career?</p> |

Building Credit

Students learn about credit and how to build good credit. They come to understand the basic vocabulary terms such as credit history, credit report, and credit score. Students are guided to identify the differences between credit terms people may encounter if they have good versus bad credit. They are introduced to the notion that a credit card can become a tool to build one's credit, if used and paid properly. Students become able to identify the rewards of having good credit.



Lesson Time:
45 minutes



Instructor Guide

Standard: Describe credit and ways to build good credit.

- 6c: Explain credit, good and bad credit, and how to build good credit.

Essential Questions

- How can I build good credit?
- Why do I want to build good credit?
- What are some of the rewards for building good credit?

Skills

- Provide specific examples of rewards related to building good credit.
- Define what credit is and identify a good credit score.

Vocabulary

- Credit – Contract agreement where the borrower uses money and repays at a later date, with interest.
- Credit history – A record of how successful you are at paying back money that you have borrowed.
- Credit Report – A detailed summary of a person's credit history according to a credit bureau that is accessible to any potential lender.
- Credit Score – A number between 300-850 that represents a person's creditworthiness. A good credit score is higher than 690. An excellent score is higher than 720.

Materials Needed

- Credit Card Offers page (projected or shared on large screen).
- Credit Score Vocabulary pages (projected or shared on large screen).
- Credit Score Arc page (projected or shared on large screen).

Lesson

Connection (4 mins):

- How are these two credit cards different?



| | |
|-----------------|----------|
| Purchase | \$1,000 |
| Interest Rate | 4% |
| Monthly Payment | \$10 |
| Years to Payoff | 12 Years |
| Interest Paid | \$260 |
| Actual Cost | \$1,260 |

| | |
|-----------------|----------|
| Purchase | \$1,000 |
| Interest Rate | 7% |
| Monthly Payment | \$10 |
| Years to Payoff | 12 Years |
| Interest Paid | \$480 |
| Actual Cost | \$1,480 |

- Have students share with the class the differences they see in the chart.
- Ask, “What if I told you that the cards on this chart are actually the same credit card, but they are being issued to different people? Do you know why a credit card may have a different interest rate for different people?”
- Explain, “Credit card interest rates can even change for the same person. When you apply for a loan or a credit card, the lenders base the interest rate on something called your credit history. Have you ever seen commercials that say ‘Bad credit? Or no credit? We can help you!’”

Teaching Point (1 min): “Today we are going to learn what it means to have good credit or bad credit and ways to help build good credit.”

Teacher Model (10 mins):

- Explain to the students that in the last lesson they learned about credit cards and how credit card companies make money. Ask, “So why do people have credit cards, and how does that lead them to have good or bad credit?” Review the following:
 - When you use a credit card for a purchase, you will continue to pay the lender interest on the purchase until the item is completely paid off. Remind students that credit is a contract agreement where the borrower uses money and repays at a later date, with interest.
 - Interest is how lenders make money.
 - To avoid paying interest, you must pay off the balance in full each month.
 - To avoid using credit, an alternative is to save up for the purchase and pay with cash.
- Introduce the following terms, using the Credit Score Vocabulary Teacher Printable to show visuals to support each definition.
 - Credit history: a record of how successful you are at paying back money that you have borrowed.
 - Credit Report: a detailed summary of a person’s credit history according to a credit bureau that is accessible to any potential lender.
 - Credit Score: a number between 300-850 that represents a person’s creditworthiness.
 - ◆ An excellent credit score is higher than 720.
 - ◆ A good credit score is higher than 690.
 - ◆ A fair credit score is 630-689.
 - ◆ A bad credit score is 300-629.
- Explain that credit cards can be an excellent tool to help build your credit rating.
- By using your credit card and paying it off in full each month, you can build good credit without incurring any interest expenses. Essentially, when you do this, you are building your credit rating for free.
- Ask students to consider what happens to our credit score if we frequently forget to pay our credit card bill and often have late fees on our account. It has a negative impact, causing our credit score to get lower.
- Our payment history, whether we paid on time, and how much we owe on loans we have taken out or store credit cards we have opened, can also affect our credit score. Therefore, it is very important that we only open credit cards or store cards when we know we will be able to keep track of the due dates and pay on time.
- Explain that building good credit and having good credit helps us when we want to buy something or take out a loan, because it shows that we will make responsible decisions with money we borrow and that we will pay it back on time. If we have a good or excellent credit score, we may even be more likely to get a lower interest rate on a loan or a credit card, because our credit history shows that we will pay the money back and do so on time.

Practice Together (15 mins):

- Ask students to stand with a partner facing the board.
- Display the Credit Score Arc Teacher Printable on the board, as large as possible.
- Tell all students to stretch their arms up straight above their heads, and put their palms together. You will then say a score aloud and the students will have to bend and point their hands as if they were the dial pointing to the approximate place on the arc that represents that score.
 - For example, if you say 750, then students should all point their outstretched “dial” arms toward the green side of the arc.
- After each score, pause for students to discuss with a partner how that score would be labeled and one possible financial choice that person made that contributed to this score. Have a few students share their ideas with the whole class.
- Call out the following scores:
 - 800
 - 600
 - 725
 - 350
 - 450
 - 650
- Then ask one pair of students to volunteer for the next activity. Ask one partner to stand in front of the bad credit section and one partner to stand in front of the upper good/excellent credit section. Explain to students that you are going to read out some descriptions and students will answer by “turning their dials” to point towards the person/section of the arc they think matches the description.
 - Once students have “moved their dials,” ask some students to explain how they knew which type of credit that description matched. If there are discrepancies in where students are pointing, stop to discuss the differing opinions and to clarify any misconceptions.
- Read the following scenarios:
 - This person forgot to pay his credit card bill four times last year. (bad credit)
 - This person never charges more to her credit card than she can pay off in one month. (good credit)
 - This person paid off his student loan before taking out a loan for a new car. (good credit)
 - This person opened a store card at three different stores this year but struggles to remember when all the bills are due. (bad credit)
 - This person will be offered a lower interest rate on her mortgage, or home loan, because of her credit history. (good credit)
 - This person makes big purchases on his credit card without a clear plan for how and when he will be able to pay it off. (bad credit)

Active Engagement/Independent Practice (10 mins):

- Make sure each student has a copy of the Rewards of Good Credit page of the student guide.
- Students will work independently to answer questions about the Rewards of Good Credit and to identify credit scores as good or bad.
 - What are some financial decisions you can make to help you have a good credit score?
 - Explain how having good credit can save you money.
 - Name at least one other benefit of having good credit.
 - Use the credit score arc to identify the quality of the following credit scores:
 - ◆ 800
 - ◆ 400
 - ◆ 650
 - ◆ 710
 - ◆ 500

Group Share/Link/Summarize Learning (5 mins):

- Ask students to discuss in small groups the following questions:
 - When do our financial decisions start to affect, or matter for, our credit scores?
 - What is one important thing to remember to do or to avoid doing with our financial choices to help us work toward a good credit score?

Assessment: Collect the Rewards of Good Credit page of the student guide.

Rubric for Assessment

| Exceeds Standard | Met Standard | Approaching Standard | Did Not Yet Meet Standard |
|---|--|---|--|
| → Student clearly explains three or more ways to build good credit. | → Student clearly explains two ways to build good credit. | → Student explains at least one way to build good credit. | → Student does not explain any reasonable ways to build good credit. |
| → Student clearly and thoroughly explains how good credit can lead to being offered lower interest rates, which will save a person money. | → Student explains how good credit can lead to being offered lower interest rates, which will save a person money. | → Student makes a connection between good credit and lower interest rates, but may not have explained it clearly. | → Student does not make a connection between good credit and lower interest rates. |
| → Student names two or more additional benefits of good credit. | → Student names one additional benefit of good credit. | → Student provides an answer that is somewhat related to a benefit, but does not clearly state the benefit. | → Student does not provide a benefit of good credit. |
| → Student correctly labels all 5 credit scores. | → Student correctly labels 4 credit scores. | → Student correctly labels 2-3 credit scores. | → Student correctly labels 1 or fewer credit scores. |

Parent Note

Guide your child through the important vocabulary related to credit scores and discuss any questions he/she might have. Consider working together to research what a good credit score is and how it may be calculated or recorded. Have fun with the credit score dial activity, participating together in the physical motioning of the dial.

Teacher Printable items

- Credit Card Offers
- Credit Score Vocabulary
- Credit Score Arc

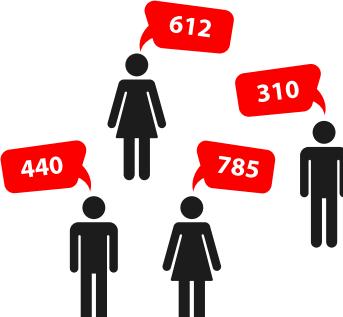
Credit Card Offers

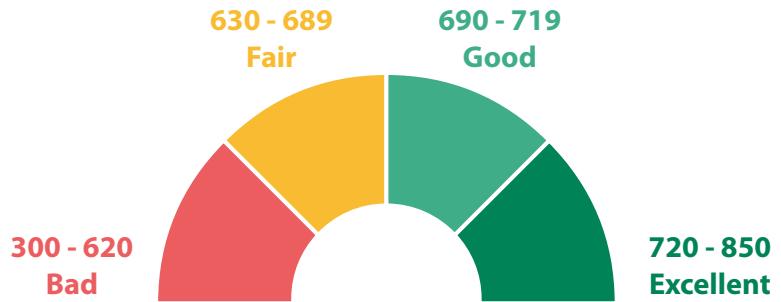


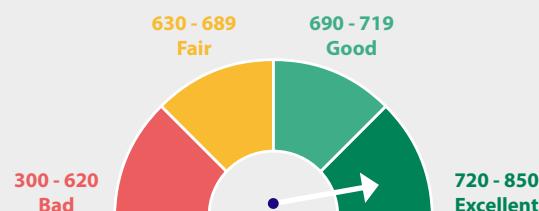
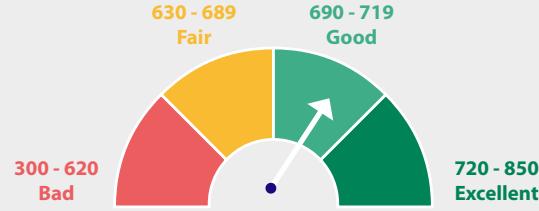
| | |
|-----------------|----------|
| Purchase | \$1,000 |
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| Purchase | \$1,000 |
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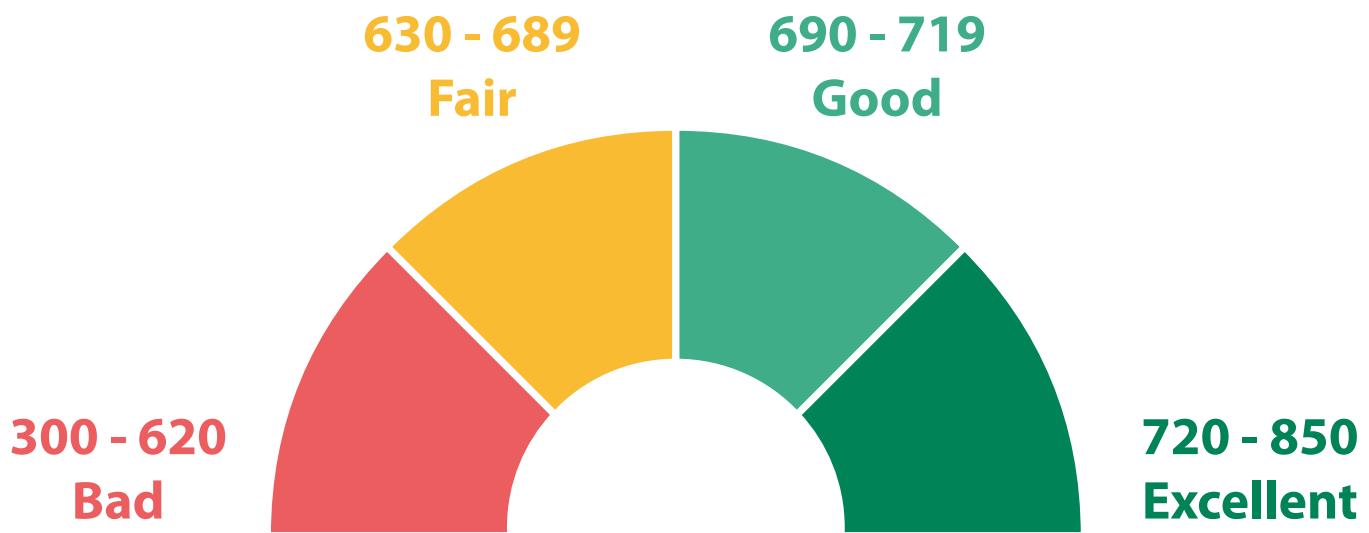
Credit Score Vocabulary

| | | |
|----------------|---|---|
| Credit | contract agreement where the borrower uses money and repays at a later date, with interest |  |
| Credit History | a record of how successful you are at paying back money that you have borrowed |  |
| Credit Report | a detailed summary of a person's credit history according to a credit bureau that is accessible to any potential lender |  |
| Credit Score | a number between 300-850 that represents a person's creditworthiness |  |



| | | |
|-------------------------|------------------------------------|--|
| Excellent Credit | A credit score between 720 and 850 |  |
| Good Credit | A credit score between 690 and 719 |  |
| Fair Credit | A credit score between 630 and 689 |  |
| Bad Credit | A credit score between 300 and 629 |  |

Credit Score Arc



Financial Psychology

Educator Guide - 7th-8th Grade

Sample Lesson Plan

Audience: Students who are not responsible to pay for most of their expenses.

Chapter Plan

of total lessons for the chapter = 2

Chapter Learning Objectives:

- Lesson #1 Topic: How Financial Behaviors and Attitudes Form
 - Students will analyze who/what tends to influence them in terms of money and their sources of information about finances.
- Lesson #2 Topic: Turning Dreams Into Goals and Plans
 - Students will create, implement, and evaluate a SMART goal plan.



Chapter Summary:

This chapter gives you an in-depth look at the psychological factors that affect how we handle our personal finances. Throughout this chapter, students will examine their own attitudes, beliefs, and behaviors related to personal finances. The first topic explores how and by whom they are influenced when developing their money management habits, and how to find qualified information sources. The second and final topic offers students an introduction to financial goal-setting – how to write good goals, break them down into achievable action steps, and track progress.

Lesson #1: How Financial Behaviors and Attitudes Form

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Identify financial decisions they have made recently and ones they will make in the near future.
 - Identify and evaluate sources of influence over their financial decisions.

Lesson Plan

1. Hook (10 min)

Materials: None

The goal of this activity is to help students recognize that we often make financial decisions based on others who influence us.

Ask students, “Think of an advertisement you have seen that motivated you to buy a product. What about the ad helped convince you to buy the product?” As students share, point out that even if we don’t notice, we are often influenced to make financial decisions – for better or for worse.

Some possible answers to the prompt may include:

- “The advertisement had a celebrity that I admire.”
- “The advertisement stated that experts in the field prefer this product.”
- “The advertisement was sent to me by a trusted family member or close friend.”

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Handout with infographic of 'How We Learn About Money' from How Financial Behaviors & Attitudes Form



Activity: Personal Finance Experience & Influencers

This activity asks you to create a timeline of major financial events that have occurred during your lifetime so far, and reflect on the individuals who may have influenced your decision-making process at the time of each important event.

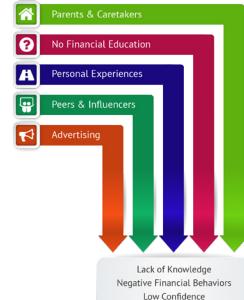
How Financial Behaviors & Attitudes Form
Financial Psychology

How We Learn About Money

How Financial Behaviors are Molded

- ⊕ Parents & Caretakers (most role models mold negative financial behaviors in kids)
- ⊕ Advertising (hundreds of billions are spent targeting kids in their first 18 years of life)
- ⊕ Peers & Influencers (expanded social networks increase lifestyle pressures)
- ⊕ Personal Experiences (early financial experiences are problematic for many people)
- ⊕ No Financial Education (few people receive money education at home, school, or college)
- ⊖ Lack of Knowledge, Negative Financial Behaviors, Low Confidence

This can lead to: Financial Insecurity, Stress, Long-term Problems



Building a Trusted Team
Financial Psychology

Materials:

- Entire activity 'Personal Finance Experience & Influencers' from How Financial Behaviors & Attitudes Form

Any activities or handouts not in the Extension Materials section will be in the Student Guide.

Explain that when we buy things, we often seek guidance from others. Display or distribute the handout ‘How We Learn About Money’ and read through it with students. Briefly have the students discuss examples of financial decisions they have made because of one of the influences listed. For example, parents may have influenced them regarding what sorts of jobs to pursue; but an ad, peers, or social media may have influenced them to get a certain brand of sneakers or phone.

Distribute the Personal Finance Experience & Influencers activity. As you go over the directions with students, explain that they can include examples of financial events they have experienced or financial events they expect to experience in the future. Circulate to help students make their timelines. Explain that they can refer to the Financial Behaviors Infographic to help come up with influences. If they are struggling to identify financial decisions, help them brainstorm decisions they have made – including small decisions like buying a pack of gum. You can also point out items of clothing they have on or other things in their possession and ask them why they chose those specific items over others.

3. Independent Practice (20 minutes)

Materials:

- Extension materials: Graphic Organizer and Circle of Influence Category Sort: influence cards for young people

The image displays two extension materials for independent practice. On the left is a 'Graphic Organizer' titled 'Extension Materials'. It features a 2x2 grid with columns labeled 'More knowledgeable' and 'Less knowledgeable'. The top row contains the text 'Has your best interests in mind'. The bottom row contains the text 'Self-interested (wants to get something from your decisions)'. On the right is a 'Circle of Influence Category Sort' titled 'Extension Materials'. It includes a note: 'Important: Print this page one-sided to avoid having sections of the following page mistakenly printed on the back of your cutouts.' Below this is a section titled 'Influence Cards for young people' with a small icon of a person. Two examples of influence cards are shown: 'A pop-up ad' featuring a woman standing next to a computer monitor displaying a flower, and 'A parent' featuring a woman standing inside a dashed circle. Both cards have a small green 'Extension Materials Financial Psychology' label at the bottom.

Materials:

- Handout with 'Evaluating More Knowledgeable Others' page from How Financial Behaviors & Attitudes Form

Evaluating More Knowledgeable Others

The financial mentor you select can be:

- Financial professional whom you trust and have researched.
- Friend or family member with expertise in an area of personal finance.
- An author or celebrity personality who share positive money management lessons.
- A business leader or successful investor.
- Personal finance experts.

A simple way to evaluate potential mentors is to ask these questions:

- Are they living the lifestyle you want your finances to earn for you?
- Do they share information in a way to which you can easily relate?
- Do they motivate you to make positive financial decisions?
- Do they share similar values and beliefs to your own?
- Do you have ready access to them or to information they publish?



How Financial Behaviors & Attitudes Form
Financial Psychology

Explain that most people are not qualified to provide personal finance advice because they may have poor money management skills or different financial situations than the person they are advising. Before making any financial decisions, students should identify whether the person advising them is actually qualified as more knowledgeable than themselves.

Explain that students should choose financial mentors who will encourage them to progress closer to their ideal lives and help them resist the negative influences to which we are exposed daily on social media, television, and sometimes by family and friends.

Display or distribute the 'Evaluating More Knowledgeable Others' page. Explain that students will sort the Circle of Influence Cards onto the Graphic Organizer. As they work, they should consider the questions listed on the 'Evaluating More Knowledgeable Others' page for support.

After the activity, lead a short discussion about positive vs. negative influence using these questions:

- Did anyone notice any influences that you didn't think about before?
- What makes a bad source of financial information or influence? What makes a good source of financial information or influence?

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Before leaving, have students write down the answers to the following questions:

- What did you learn about your financial influences today?
- Who or what do you want to use as a source of financial information and influence in the future?

Lesson #2: Turning Dreams into Goals and Plans

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Create a SMART goal for their finances and plan to achieve the goal.

Lesson Plan

1. Hook (10 min)

Materials: None

Ask students to consider the following prompt:

What lifestyle do you want to live? There is no right or wrong answer. Just relax and let your mind daydream. Who do you want to share your time with? What would you like to have: a nice car, a comfortable home, or just enough free time to take a three-day weekend every month? Would you like to travel the world, have time to work on your hobby, start a business, make regular visits to the spa, or get a college degree? Or would you prefer to spend the better part of your days just hanging out with friends and family?

Give students 3-5 minutes to consider their preferred lifestyles. You can ask students to write down aspects of their preferred lifestyle or have them share with a partner.

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Handouts with ‘Goal-setting Detailed Instructions’ pages from Turning Dreams into Goals and Plans
- Extension Materials: Worksheet with ‘Poorly-written or Well-written Goals’

Goal-Setting Detailed Instructions

The system outlined below provides some structural guidance to help you set and achieve your personal finance goals.

Specific:

Describe what you want to accomplish in clear, specific terms. If you can really visualize your goal, it becomes easier to achieve.

Example: If you’re saving money to buy a car, it’s much easier to stick to your savings plan when you have the model, color, and features picked out.

Measurable & Motivational:

You must be able to measure your goals; that is, how will you know when you get there? Also, you should have clear reasons for setting the goal; what motivates you to do this? Make sure your goals are for what you want; they should match your personal interests and values.

Example: “I will have reduced my total debt by one-half in two years’ time.”

Attainable:

Goals must be attainable; you should know that it’s possible for you to get there.

Example: Wanting to be President is a tough goal, but possible. Wanting to be Spiderman is a fantasy; it can never happen.

Explain that in order to have our preferred lifestyles, we have to set goals to reach them. Goals can be either well-written or poorly-written. One method that works well for goal-setting is to make sure each goal you set has the following key attributes. To help students remember the attributes, explain that the key terms spell S.M.A.R.T.

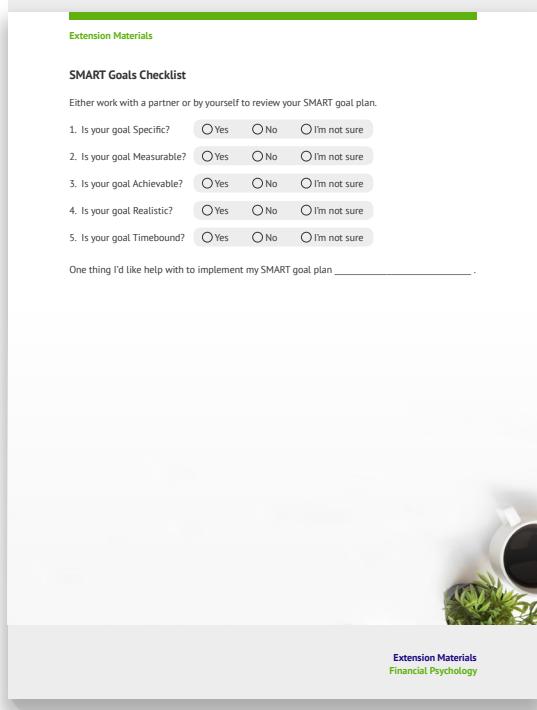
- Goals should be **S**pecific and of important significance to you.
- Goals should be **M**easurable and motivational.
- Goals should be **A**ttainable. They should be challenging, but also realistic.
- Goals should be **R**esults-oriented and you should have strong reasons for accomplishing them.
- Goals should be **T**ime-driven. Set a reasonable timeline for accomplishing them.

Distribute or display the Goal-setting Detailed Instructions and read the explanations of each of the key attributes for a well-written goal. Then have students complete the ‘Poorly-written or Well-written Goals’ worksheet.

3. Independent Practice (20 minutes)

Materials:

- Handout with 'Goal-setting Worksheet' activity from Turning Dreams into Goals and Plans



The image shows a 'Smart Goals Checklist' form. At the top, it says 'Extension Materials' and 'SMART Goals Checklist'. It asks users to work with a partner or by themselves to review their SMART goal plan. Below are five questions with radio button options: 1. Is your goal Specific? (Yes, No, I'm not sure), 2. Is your goal Measurable? (Yes, No, I'm not sure), 3. Is your goal Achievable? (Yes, No, I'm not sure), 4. Is your goal Realistic? (Yes, No, I'm not sure), and 5. Is your goal Timebound? (Yes, No, I'm not sure). A note at the bottom says 'One thing I'd like help with to implement my SMART goal plan _____.'



Activity:
Goal-setting Worksheet

This activity guides you through the process of setting financial goals toward achieving your desired lifestyle. It may take more than one session to complete the worksheet, so make this a consistent work in progress.

Keep in mind that accomplishing goals sometimes requires sacrifices. Whether it's as small as cutting out sodas or as large as working weekends, identify the investment you're willing to make to achieve your goals.

Although this course focuses on personal finances, we also suggest that you write goals for other areas of your personal life. The guidelines work for all goals.

Turning Dreams Into Goals & Plans
Financial Psychology

Materials:

- Extension Materials: SMART Goals Checklist

Distribute 'Goal-setting Worksheet' activity. Explain that students will be using the goal-setting framework to write a financial goal that would be attainable within the next four weeks. Circulate the room as students work to provide assistance.

As students complete their goals, you can pair them with a partner or have them self-evaluate their goals using the Goal Checklist.

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Encourage students to write down 2-3 additional goals they would like to reach in the future. Remind students to ensure that their goals are well-written using the Goal Checklist.



Extension Materials

This section contains the included materials for each extension activity. Make sure to read through the activities and materials carefully before the lesson; some materials must be cut out or arranged as directed.

Poorly-written or Well-written Goals

Directions: For each of the goals listed, state whether it is well-written or poorly-written and explain why. If a goal is poorly-written, rewrite the statement to make it a well-written goal.

1. I want to have more money for vacation.

2. I will pay \$200 toward my credit card bill each month so that I can pay it off by the end of the year.

3. I am going to save to buy a new computer.

4. I will buy a \$100,000 sports car in five years with some money I save in my savings account.

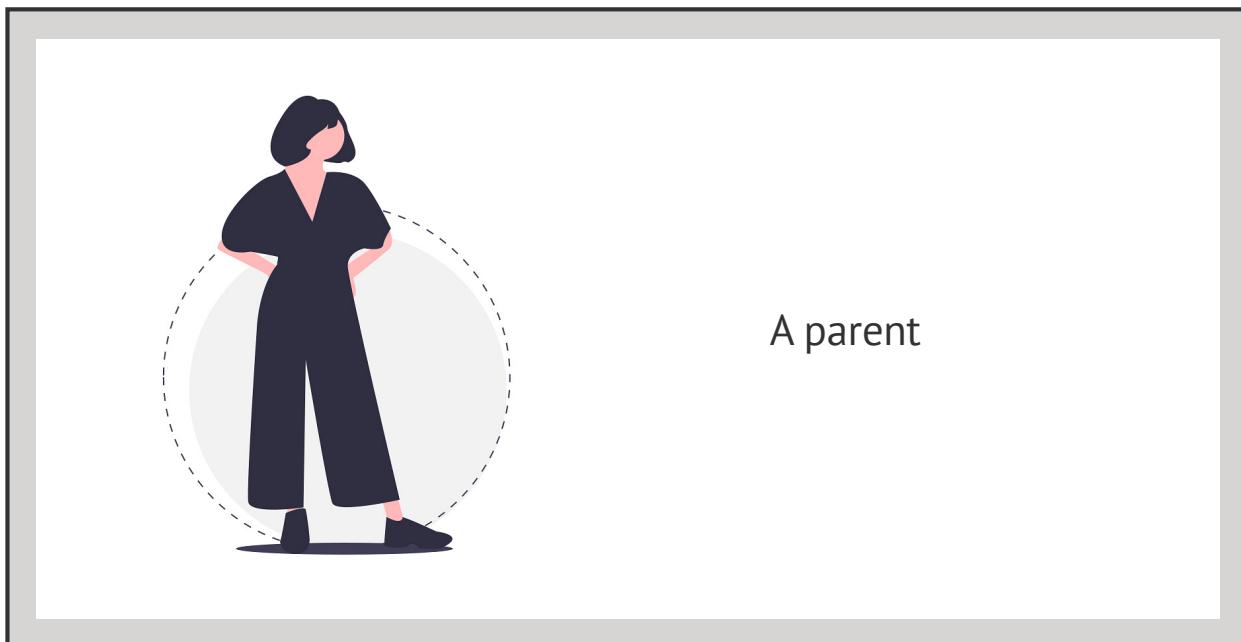
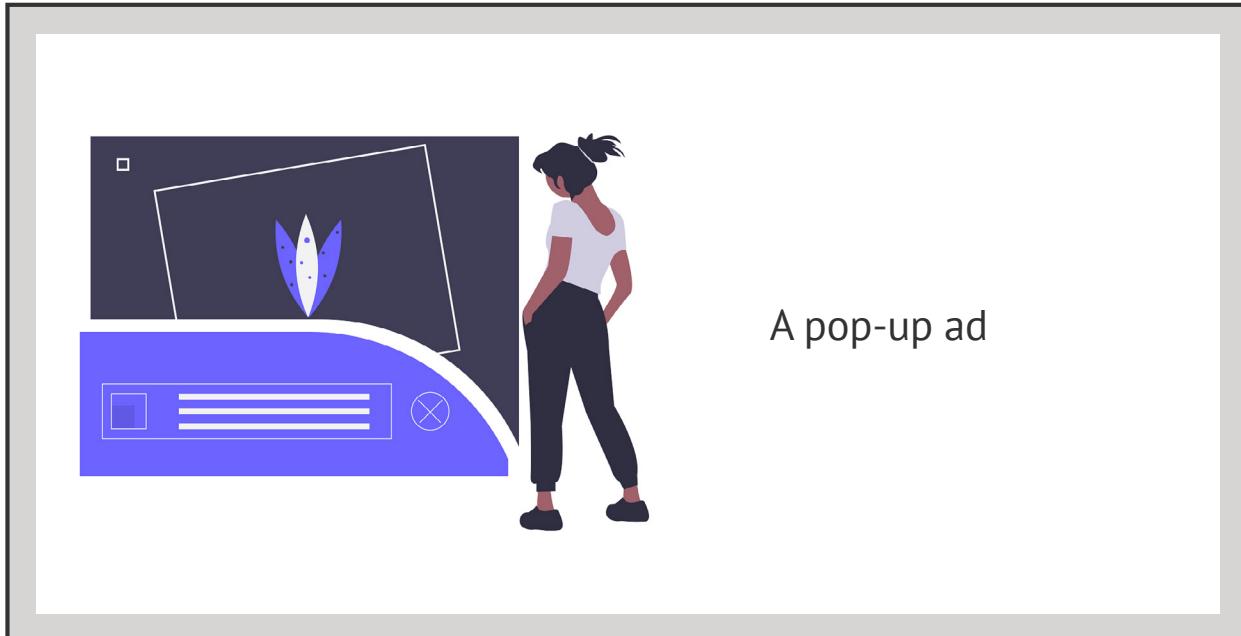
5. I will take out \$500 from my paycheck each month to save for a down payment on a house in 5 years.

Circles of Influence Category Sort

Influence Cards for
young people

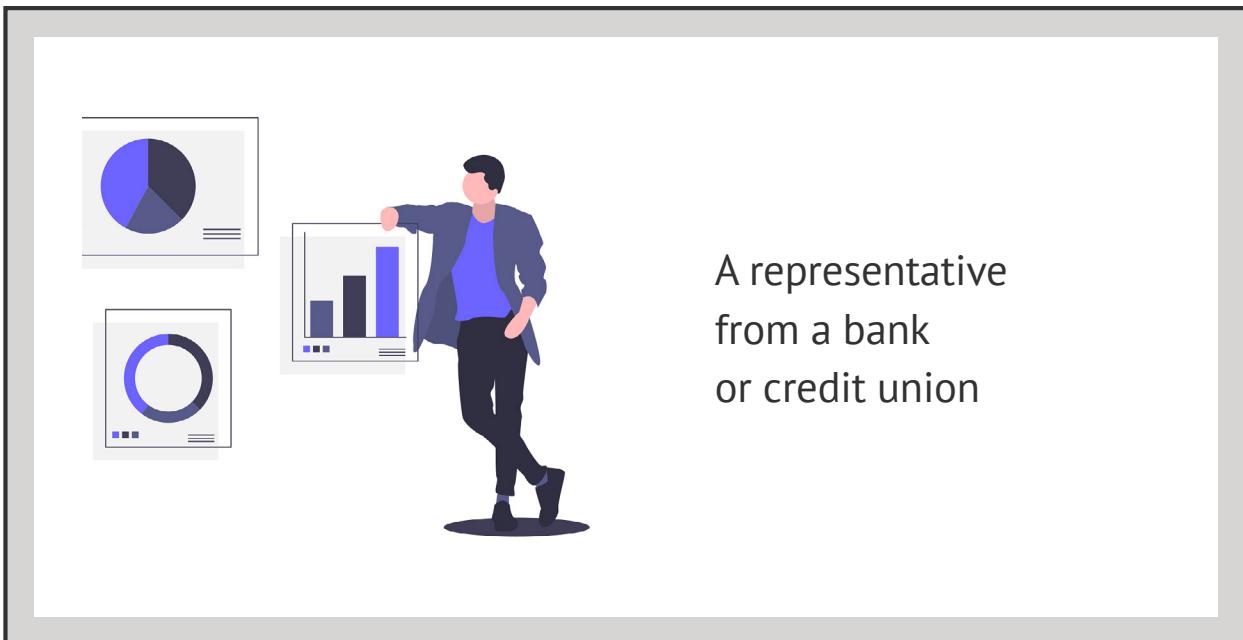


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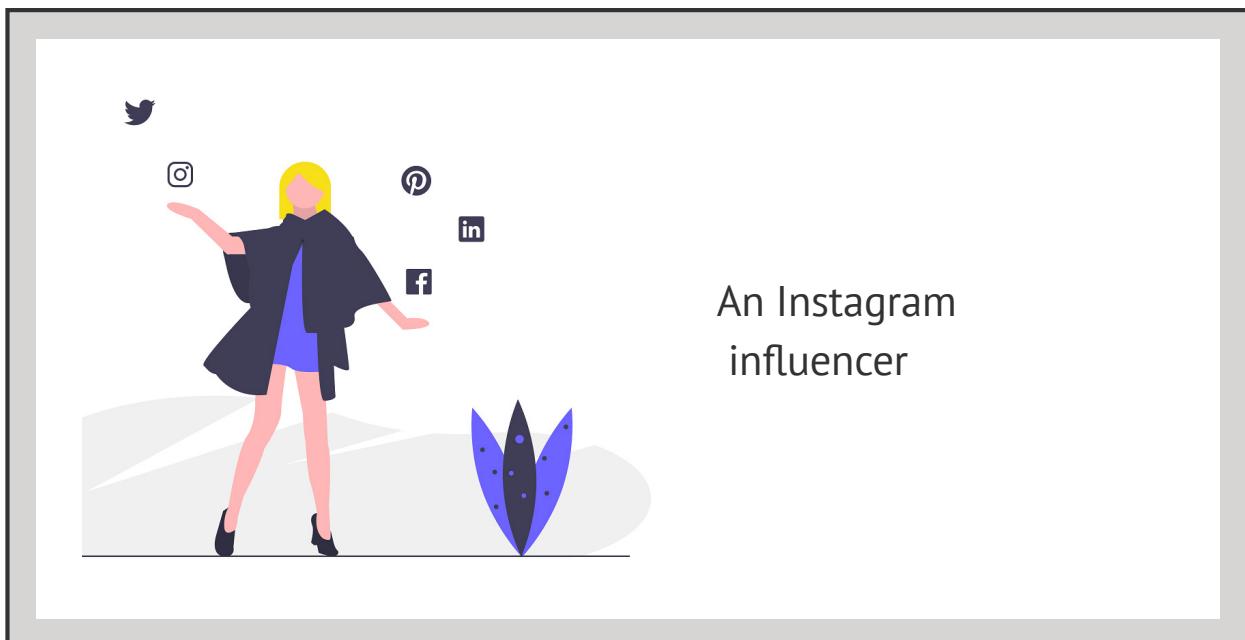
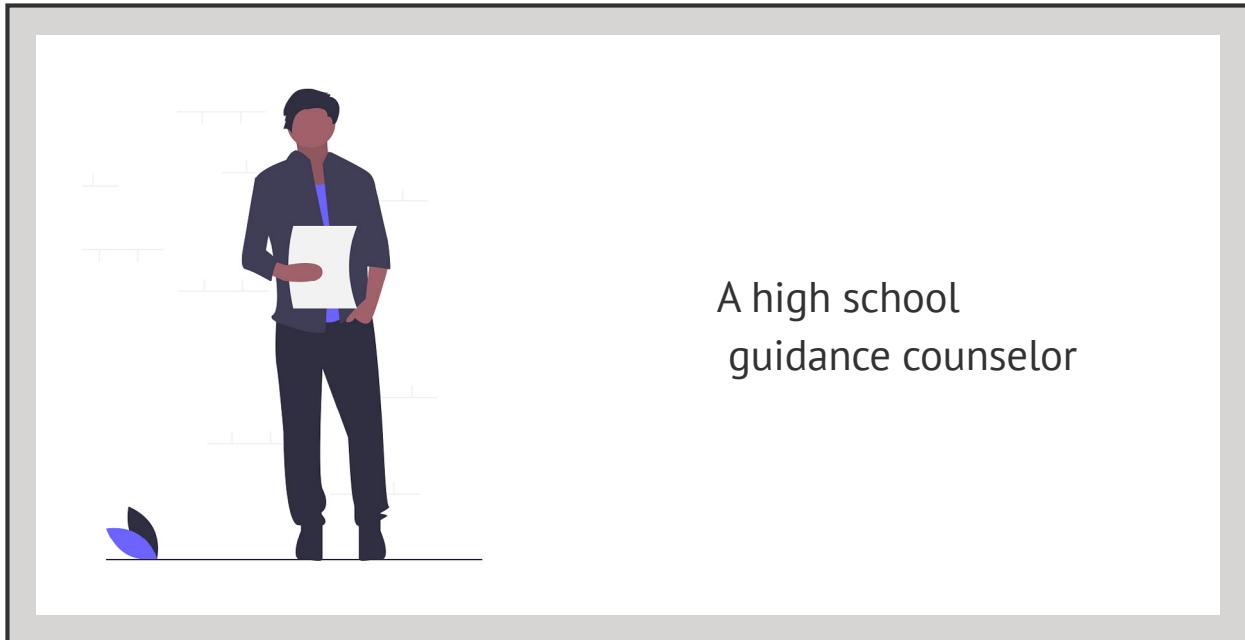


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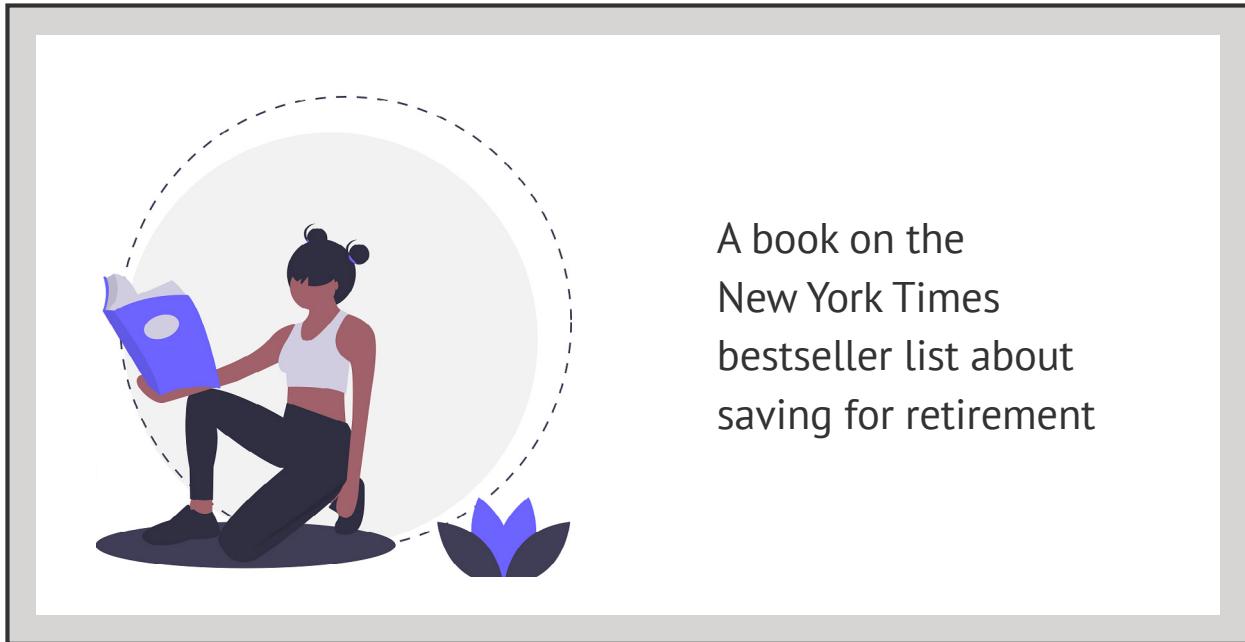


Important: Print this page one-sided to avoid having sections of the following page mistakenly printed on the back of your cutouts.





Important: Print this page one-sided to avoid having sections of the following page mistakenly printed on the back of your cutouts.



Graphic Organizer

| | More knowlegdable | Less knowlegdable |
|--|-------------------|-------------------|
| Has your best interests in mind | | |
| Self-interested (wants to get something from your decisions) | | |

SMART Goals Checklist

Either work with a partner or by yourself to review your SMART goal plan.

1. Is your goal Specific? Yes No I'm not sure

2. Is your goal Measurable? Yes No I'm not sure

3. Is your goal Achievable? Yes No I'm not sure

4. Is your goal Realistic? Yes No I'm not sure

5. Is your goal Timebound? Yes No I'm not sure

One thing I'd like help with to implement my SMART goal plan _____.

Savings, Expenses & Budgeting

Educator Guide - 7th-8th Grade

Sample Lesson Plan

Audience: Students who are not responsible to pay for most of their expenses.



Chapter Plan

of total lessons for the chapter = 3

Chapter Learning Objectives:

- Lesson #1 Topic: Prioritizing Expenses & Opportunity Cost
 - Students will identify the difference between needs and wants.
- Lesson #2 Topic: Identifying and Reducing Your Expenses
 - Students will recognize the different types of expenses: fixed, periodic, variable.
- Lesson #3 Topic: Budgeting Fundamentals and Overview
 - Students will define and balance a budget.

Chapter Summary:

This chapter introduces the basic aspects of budgeting and how budgeting helps people progress toward attaining their desired lifestyles and reaching their financial goals. Students will begin to comprehend the importance of evaluating every purchase based on whether it is a “need” or a “want.” Then they will be introduced to the three primary types of expenses and use their understanding of these concepts to take actionable steps for creating a solid, balanced budget.

Lesson #1: Prioritizing Expenses & Opportunity Cost

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Identify the difference between needs and wants.

Lesson Plan

1. Hook (10 min)

Materials: None

Explain to students that expenses are things in life on which we have to spend money. Ask them to call out examples of expenses they may have. Write down the students' responses so they are displayed for all to see. You will return to the list later.

Explain that some of these expenses are 'wants' and some are 'needs.' For that reason, some expenses are necessary while others are negotiable.

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Handout with 'Examples of Needs' page from Prioritizing Expenses & Opportunity Cost

Examples of Needs

| | |
|---|---|
|  | Shelter <ul style="list-style-type: none">• Needs: All you need is a roof over your head with basic climate control, electricity, and running water.• Wants: Any shelter beyond your basic housing security needs is a want. |
|  | Food & Water <ul style="list-style-type: none">• Needs: You need to eat a balanced diet to stay healthy. But lots of the food we buy doesn't actually contribute to that healthy balance. Many food products are overpriced due to their convenience or packaging.• Wants: Expensive dinners and food that offers poor nutritional choices. |
|  | Hygiene Products <ul style="list-style-type: none">• Needs: The bare basics you need to stay clean and presentable.• Wants: Top brand name soaps, hair products, cologne, or makeup. |
|  | Clothing |
|  | Transportation |

Prioritizing Expenses & Opportunity Cost
Savings, Expenses & Budgeting

Display or distribute the 'Examples of Needs' page and review the different options. Then return to the list the students made earlier and identify which expenses were wants and which were needs.

Explain that needs also can change based on careers and lifestyles. For example, a chef may need expensive kitchen equipment, while the same equipment would simply be a luxury for a person who does not cook professionally. Additional examples include a hairdresser who needs expensive hair products or someone who travels a lot needing a more expensive vehicle.

Ask the students to share, out loud or with a partner, other examples and explanations of needs and wants that may vary based on a person's lifestyle and career.

3. Independent Practice (20 minutes)

Materials:

- Wants vs. Needs Collage Activity
 - A variety of magazines (if you do not have access to magazines, you can have students look up and print out pictures from the internet)
 - Large paper and markers: students should divide their sheets into 2 sides and label one side “wants” and the other side “needs” to create a graphic organizer
 - Tape/glue

Tell students that they will work in pairs to find images to illustrate the difference between wants and needs. Divide students into pairs (or let them choose their partners). Tell students to look through the magazines to find 10 images that represent their wants and 10 images that truly represent needs, and tape them into the Graphic Organizer on the appropriate side.

Circulate to make sure the pairs (or groups) are working on the project. Students will probably easily be able to find pictures of wants, but may struggle to find pictures of needs. In contrast, they may find pictures they think are needs – like food or clothes – but the actual pictures may represent wants, for example, designer clothes or expensive restaurant food.

If students are having trouble finding pictures of needs, allow them to write about the needs, and ask: “Why do you think it’s so hard to find pictures of needs in magazines, yet so easy to find pictures of wants?”

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Student-made collage

Allow students to share their collages and debrief the activity with students by asking:

- What was that like?
- Was it harder to find pictures of needs? Or of wants?
- What did you notice about the way needs vs. wants are shown in magazines? Why do you think that is?

Lesson #2: Identifying and Reducing Your Expenses

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Recognize the different types of expenses: fixed, periodic, and variable.

Lesson Plan

1. Hook (10 min)

Materials: Extension Materials: List of Expenses

Remind students that expenses are things that we pay for in our day-to-day lives. Some of these expenses are singular, one-time purchases, like buying a new stove. Others are recurring, like a monthly cell phone or cable bill. Display or distribute the ‘list of expenses’ page. Ask students to discuss with a partner which types of expenses are recurring and which are singular, one-time expenses. They can make a T-chart to sort their decisions or write “R” or “S” next to each example.

The goal of this activity is to get students thinking about how some expenses can be month-to-month, while others can be less or more frequent. There are no right answers, as long as students are able to explain their thinking. For example, some students may say that shampoo is a one-time payment, while others may consider it recurring because they buy it once a month. As students begin to finish, discuss the responses as a class. Guide students to the understanding that, like wants and needs, expenses are circumstantial and can depend on the individual person’s lifestyle.

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Handouts with explanations of 'Fixed Expenses, Periodic Expenses, and Variable Expenses' from Identifying & Reducing Your Expenses

Fixed Expenses

Fixed expenses are defined as those expenses for which the payment remains the same from period to period.

These types of expenses include fixed-rate payments such as car loans, rent or mortgage payments, insurance premiums, monthly gym memberships, or any other monthly bills that don't vary from month to month.

Fixed expenses are easy to track and simple to include in your monthly budget, because the amounts rarely change.

Periodic Expenses

Periodic expenses are defined as expenses that fall outside the routine monthly billing cycle, but rather are payable at various times throughout the year. Car registration is an example of a periodic expense, because your car registration is paid annually. You should plan for periodic expenses in your budget by saving a little each month to put toward that bill. To calculate how much you need to save each month, simply divide the total periodic payment by the number of months until your next periodic bill is due. The figure you get is the amount you should save each month toward that bill. For example, if you pay a quarterly bill of \$300 for a certain expense, you should allocate \$100 per month into savings so you can meet that bill when it falls due.



Identifying & Reducing Your Expenses
Savings, Expenses & Budgeting

Variable Expenses

Variable expenses are defined as those expenses that you routinely incur, but where the amount you are required to pay varies. The amount you spend on these expenses typically falls under your control. Variable expenses include groceries, dining out, entertainment, and personal care items.

Most of us see cash vanishing each month into the black hole that is coffee and takeaway meals. This area is one on which you should really get a firm grip. Try creating a separate checking account with a predefined amount that you are allowed to spend on variable expenses each week or month.

When you're looking to trim expenses from a household budget, it's usually easier to start with variable spending, as these expenses are much easier to "shave" than your fixed expenses. However, there are options that can help you reduce your fixed payments as well.



Identifying & Reducing Your Expenses
Savings, Expenses & Budgeting

Materials:

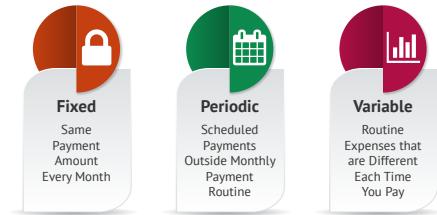
- Handout with 'Expense Types' from Identifying & Reducing Your Expenses
- Large paper and writing utensil for display purposes

Identifying & Reducing Your Expenses

One of the most important aspects of budgeting is to understand your expenses. When you look in detail at where your money goes, this first thing you will notice is that not all expenses are equal, but rather fall into different categories.

Expenses can be categorized into three types: Fixed, Periodic, and Variable

Expense Types



Understanding the differences between the three types of expenses will help you gain control over them. Once you have identified what your expenses are, and how they are distributed across the three expense types, you can get to work exploring ways to reduce them!

Identifying & Reducing Your Expenses
Savings, Expenses & Budgeting

Explain that there are different types of expenses: fixed, periodic, and variable. Distribute or display the 'Expense Types' graphic and read the definitions of each. Then, have students read the explanations of each type of expense from the 'Fixed Expenses, Periodic Expenses, and Variable Expenses' handouts.

While students are reading, fold a large paper into three columns and title each column with one of the three types of expenses. Then ask students to give examples of each type of expense. Write down the examples in each column and keep them displayed for students.

3. Independent Practice (20 minutes)

Materials:

- Extension Material: Expense Types

Distribute the ‘Expense Types’ worksheet. Explain that students will decide which expenses are fixed, periodic, or variable based on the descriptions of each.

As students finish up, review the answers to the worksheet with the class. Answers for the worksheet are shown below:

1. Variable
2. Fixed
3. Variable
4. Periodic
5. Periodic
6. Fixed
7. Periodic
8. Variable

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Ask students to answer the following prompt on their notecard or sticky note:

Imagine you need to save some money. If you are looking at all of your expenses – fixed, variable, and periodic – which expenses would you consider changing first? Explain your answer.

Students should recognize that variable expenses are the most negotiable because you can often find or search for cheaper alternatives; while periodic and fixed expenses, such as insurance or taxes, are often non-negotiable.

Lesson #3: Budgeting Fundamentals and Overview

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Define and balance a budget.

Lesson Plan

1. Hook (10 min)

Materials: Notecard or sticky note per student

Give students five minutes to write down the answers to the following questions:

- What is a budget?
- What is a budget used for?
- Who uses a budget?

After students have written down their responses, ask them to share and discuss out loud. Explain that it is a common misconception that budgets are used only to restrict or save money. Instead, a budget is used to compare how much you earn with how much you spend so you can make plans of action in any situation. While a budget can help you decide how to save money, it can also help you decide what to do when you have extra money. Explain that you will be exploring the importance of budgeting and why everyone should create one.

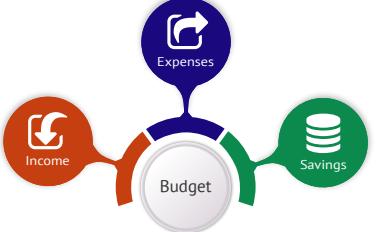
2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Handout with 'Budget Defined' from 'Budgeting Fundamentals and Overview'
- Extension Materials: Balanced Budget Intro Page

Budget Defined

A personal budget may be defined as: "A finance plan that allocates future personal income toward expenses, savings, and debt repayment." A budget typically comprises three elements: your income, your expenses, and your savings.



- Income: Any money you earn from a range of sources including your salary, interest income, share dividends, and other investment income.
- Expenses: Outgoing funds you pay to others, including but not limited to your rent/mortgage, food purchases, car payments, insurance, clothes, TV/cable, Internet service, power, gas and water, and mobile phone bill.
- Savings is what you have left over after paying your expenses. If you spend more than you earn, you are adding to your debt. If you are saving more than you spend, you are adding to your savings. Savings can take the form of cash, stocks, bonds, precious metals, and gems, among other things.

A budget simply compares how much money you earn with how much money you spend or save.

Budgeting Fundamentals & Overview
Savings, Expenses & Budgeting

Explain that a budget includes income, expenses, and savings. Display or distribute the 'Budget Defined' page. Review the terms with the students.

Explain that a balanced budget will equal the total income the person has, while taking into consideration both their savings and expenses. Distribute or display the 'Balanced Budget Intro' page. As a group, add up all the expenses to find the total (\$3,340). Ask students to decide whether the budget is balanced based on Jessica's income. Students should recognize that it is not balanced, because Jessica's income should equal her expenses; but the current expenses are \$140 over her income. Jessica is spending more than she makes which, over time, can cause her to go into debt.

Ask students to consider the types of expenses in the budget and decide which expenses are fixed and which are variable. Explain that variable expenses can sometimes be changed if they are "wants" and not "needs." For example, Jessica does not need to go to the movie theater, but she does need gas. Ask students to work with a partner to reduce Jessica's variable expenses in order to balance her budget.

3. Independent Practice (20 minutes)

Materials:

- Extension Materials: Balanced Budget Practice

Distribute the ‘Balanced Budget Practice’ worksheet. Explain that students will be balancing two budgets and explaining their reasoning.

As students finish up, ask students to pair up and share and compare the different ways they balanced the budgets. The first budget requires expenses to be reduced, while the second budget requires excess money to be added to a portion of the expenses.

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Ask students to answer the following prompt:

Why are budgets beneficial? How can budgets help you make financial decisions?

Students should recognize that budgets are beneficial because they give you a way to keep track of the money you are spending and ensure that you pay for all the important things in your life. They can help you make financial decisions in situations where you need more money for a specific purpose, or when you need to invest money in another area of your life.



Extension Materials

This section contains the included materials for each extension activity. Make sure to read through the activities and materials carefully before the lesson; some materials must be cut out or arranged as directed.

List of Expenses

Lesson 2: Identifying and Reducing Your Expenses

- Electric bill
- Groceries
- Refrigerator
- Car repair
- Laptop
- Taxes on home
- Gas for car
- Clothes
- Phone bill
- Phone case
- Movie tickets
- Water bill
- Bicycle
- Shampoo
- Medical insurance

Expense Types

Lesson 2: Identifying and Reducing Your Expenses

Directions: Read each of the following examples and decide whether the expenses are fixed, variable, or periodic. Write the correct term on the blank line.

1. Every Tuesday Elizabeth goes grocery shopping. Last Tuesday she spent \$58 on groceries. This Tuesday she spent \$75 on groceries. What type of expense are Elizabeth's grocery bills? _____

2. John has to pay for his TV subscription service by the third day of every month. He pays \$45 for this service. What type of expense is the TV subscription service?

3. Mike has been driving more often this month than any other month because his sister's car broke down and he has needed to take her to work. He has spent twice as much in gas as he usually does. What type of expense is gas for Mike's car?

4. Every six months, Tony has to pay \$350 for insurance on his car. He still has another two months until he has to pay it again. What type of expense is Tony's car insurance? _____

5. Jimmy rides his bike to school each day. To park his bike in the same place each day, he has to pay a bike rental fee. The fee is \$25 every three months. What type of expense is Jimmy's bike parking rental fee? _____

6. Jane is in a club after school that has a monthly membership fee of \$15. She has to pay the fee on the first of every month. What type of expense is Jane's membership fee? _____

7. Tina has a pet dog named Fido. Fido goes to the vet every 5 months. Each time Fido goes to the vet, there is a \$35 fee. What type of expense is Fido's vet bill?

8. Every once in a while, Matilda likes to go shopping for new workout clothes. This week she needs a new pair of shorts. What type of expense is Matilda's workout clothes? _____

Balanced Budget Intro Page

Lesson 3: Budgeting Fundamentals and Overview

Jessica's May Budget

| Monthly Expenses | | Monthly Income (after taxes) |
|-----------------------------------|---------|------------------------------|
| Rent | \$1,800 | \$3,200 |
| Utilities | \$320 | |
| Groceries | \$120 | |
| Dine out at restaurants | \$200 | |
| Movie tickets | \$50 | |
| Gas | \$85 | |
| Clothes | \$250 | |
| Necessities (shampoo, soap, etc.) | \$65 | |
| Savings | \$450 | |
| Total Expenses | | |

Extension Materials
Savings, Expenses, Budgeting

Balanced Budget Practice (page 1)
Lesson 3: Budgeting Fundamentals and Overview

Liam's June Budget

| Monthly Expenses | | Monthly Income (after taxes) |
|---|---------|-------------------------------------|
| Mortgage | \$2,600 | \$4,200 |
| Utilities | \$250 | |
| Groceries | \$220 | |
| Car maintenance | \$150 | |
| Savings | \$500 | |
| Dog toys | \$85 | |
| Gym Membership | \$45 | |
| Charity | \$300 | |
| 4 Video/TV Subscriptions (\$50 each) | \$200 | |
| Total Expenses | | |

1. What changes should Liam make to create a balanced budget? Explain your answers.

Balanced Budget Practice (page 2)
Lesson 3: Budgeting Fundamentals and Overview

Belinda's June Budget

| Monthly Expenses | | Monthly Income (after taxes) | |
|----------------------------------|-------|------------------------------|---------|
| Rent | \$950 | Babysitting | \$900 |
| Utilities | \$165 | Flower sales | \$1,500 |
| Groceries | \$60 | | |
| Dine out at restaurants | \$25 | | |
| Gardening supplies | \$135 | | |
| Gas | \$125 | | |
| Entertainment | \$65 | | |
| Necessities (shampoo, soap, etc) | \$75 | | |
| Savings | \$450 | | |
| Total Expenses | | Total Income | |

2. What changes should Belinda make to create a balanced budget? Explain your answers.



Account Management & Team Members

Sample Lesson Plan

Audience: Students who are not responsible to pay for most of their expenses.

Chapter Plan

of total lessons for the chapter = 1

Chapter Learning Objectives:

- Lesson #1 Topic: Credit Cards vs. Debit Cards
 - Students will understand the advantages and disadvantages of credit and debit cards and when to use each.

Chapter Summary:

This chapter introduces the concept of borrowed money. Students will learn the different ways to pay for things when cash is not an option. They will recognize the importance of the role that both credit and debit cards play, while also acknowledging the advantages and disadvantages of each.

Lesson #1: Credit Cards vs. Debit Cards

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Understand the advantages and disadvantages of credit and debit cards and when to use each.

Lesson Plan

1. Hook (10 min)

Materials:

- Prep: Before the activity, label one side of the room “Credit Card” and the other side of the room “Debit Card.”

Explain to students that they will discuss their opinions about which one is better: a credit card or a debit card.

Briefly explain the difference: When you use debit cards, money is automatically taken out of your account; and when you buy something with a credit card, you don’t have to pay until later. Do not go into detail about the advantages and disadvantages of each (that will happen later).

Ask the following question:

If you could have one, and only one: would you rather have a credit card or a debit card?

Tell students to move to the side of the room that represents their opinion. After students have moved to show their preference for a credit card or debit card, ask students to share why they are standing where they are standing. There will probably be a mix of responses, with some students feeling that they are not responsible enough to have credit cards, while others may prefer getting to pay later.

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- The entire lecture on the difference between credit cards and debit cards from Debit Cards vs. Credit Cards

Debit Cards vs. Credit Cards

What's the difference between a debit card and a credit card? Which one offers you more protection? How can each type of card benefit you, and what are the drawbacks associated with their use? We will answer those questions and more as we walk you through the different types of payment options.

A debit card works like a check. Just like when you write a check, each time you use your debit card money is deducted from your checking account. The money is automatically withdrawn at the time of the transaction – unlike a credit card, where the charge is placed on a bill that you're asked to pay later.

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graph LR; subgraph Debit [Debit]; D1[Debit] --> P1[Person]; P1 -- "Make purchase with debit card" --> C1[Card]; C1 -- "Bank" --> B1[Bank]; B1 -- "Financial institution checks you have available funds" --> S1[$-]; S1 --> M1[Merchant]; M1 -- "Merchant receives funds" --> P2[Person]; P2 -- "You receive product" --> EndD[End]; end; subgraph Credit [Credit]; C2[Credit] --> P3[Person]; P3 -- "Make purchase on credit" --> C3[Card]; C3 -- "Bank" --> B2[Bank]; B2 -- "Lender checks that you have available credit" --> S2[$+]; S2 --> M2[Merchant]; M2 -- "Merchant receives funds" --> P4[Person]; P4 -- "Payments plus interest" --> B3[Bank]; B3 -- "Lender receives payments" --> EndC[End]; end;
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Using a credit card is basically the same as a loan. The credit card company charges you fees (called interest) when you borrow money by using the card. Your credit card lender will continue to charge you interest each month until the entire bill is paid off. But if you pay your credit card bills in full every month, you can avoid paying any interest charges.

After students have discussed their opinions, point out that there are many more advantages and disadvantages to having debit vs. credit cards. Distribute the lecture on the differences between credit cards and debit cards. Have students go back to their seats and read about the differences between the two. Ask students to put stars next to any new information that could influence their opinions and question marks next to anything about which they have questions.

Ask students if any of them have changed their opinion or have different reasons for their original opinion. Hold a short debrief discussion by asking:

- Have any of you changed your personal opinion about which card you would prefer?
- Are there situations you can imagine where it would be more beneficial to pay with a credit card? With a debit card?
- Why would it be beneficial to have both a credit and a debit card?

End the discussion by explaining that many people have both a credit and debit card for different purposes. They may use the credit card for one purchase and the debit card for another. Typically, credit cards are used to purchase more expensive items and debit cards are used for smaller purchases, similar to cash.

3. Independent Practice (20 minutes)

Materials:

- Extension Material: Credit or Debit

Distribute the ‘Credit or Debit’ handout. Ask students to read each situation and decide whether it would be best to use a credit card or a debit card based on the advantages and disadvantages they learned about previously.

Students’ answers may vary, but they must provide logical explanations as to why they would choose the specific card available to them based on the advantages and disadvantages of each.

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Ask students to answer the following prompt:

- What are three differences between a credit card and a debit card?



Extension Materials

This section contains the included materials for each extension activity. Make sure to read through the activities and materials carefully before the lesson; some materials must be cut out or arranged as directed.

Credit or Debit

Lesson 1: Credit Cards vs. Debit Cards

Directions: Decide whether the character in each scenario should use a credit card or debit card, based on the advantages and disadvantages of each. Explain your answer.

1. Scenario A: Ricky needs a new refrigerator for his home because his old refrigerator no longer works. The new refrigerator costs \$528 and has all the basic things he needs. He needs to buy the refrigerator from an online retail shop because it is the least expensive option. He gets paid next Saturday and then he will have the money to buy the refrigerator. Should Ricky buy the refrigerator now using his credit card, or wait until next Saturday and use his debit card?

2. Scenario B: Tim saw an ad for a new cell phone at the mall. He has really been wanting a new phone for the last two years. He doesn't have the money right now to pay for the phone, but he will have enough money in two months. The phone he has now works, but it is very slow and it takes a long time to charge the battery. Should Tim buy the phone now with his credit card, or wait until two months from now and use his debit card?

3. Scenario C: Elizabeth is going to visit a new country. During her time there, she wants to visit many different places and shop for gifts for her family and friends. She only has room to take one of her cards. Should she take her credit card or her debit card on her trip?

Loans & Debt

Educator Guide - 7th-8th Grade

Sample Lesson Plan

Audience: Students who are not responsible to pay for most of their expenses.

Chapter Plan

of total lessons for the chapter = 2

Chapter Learning Objectives:

- Lesson #1 Topic: Types of Debt
 - Students will learn the difference between good and bad debt.
 - Students will understand the risks and consequences of various types of debt.
- Lesson #2 Topic: Loan Fundamentals
 - Students will understand how simple loans are calculated.
 - Students will explain the terms principal, credit report, interest rates, term of loan, and repayment plan.



Chapter Summary:

This chapter introduces the ins and outs of loans and debt. The first topic discusses the different types of debt and when debts may be considered “good” versus “bad” debts. Students explore the concept of both types of debts and begin to consider how to make responsible debt decisions. Then basic loan calculations are covered including principal, interest rates, credit reports, and terms of loans. Students explore the benefits of good credit and paying loans off quickly while recognizing the risks and consequences of long-term loans.

Lesson #1: Types of Debt

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Explain the difference between good and bad debt.
 - Understand the risks and consequences of various types of debt.

Lesson Plan

1. Hook (10 min)

Materials: None

Remind students that credit cards work by allowing you to borrow money from the bank with the promise of paying it back later. The bank charges interest, which is a specific percentage of the borrowed amount. If you do not pay your credit card off at the end of the month, you must pay the bank interest on the credit card. Explain that an item that would cost \$500 if you paid up-front, may end up costing you \$600 in 6 months if you do not fully pay off the cost of the item.

Ask students to consider why a seller might charge interest. Guide students toward the understanding that interest is added to ensure that sellers receive their money in a timely manner and that they are able to make money on the transaction.

Ask students to think of a time when it is worth paying the interest on an item, such as buying a necessary item for your home, like a new air conditioner. Then ask about types of purchases where it is not worth paying interest, such as buying new pairs of shoes and clothes. Allow students to debate and discuss why it's worth paying interest on some items. The goal is to get students to recognize that debt can sometimes be good, and sometimes can be bad.

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Handout with 'Good Debt and Bad Debt' graphic from Types of Debt

Types of Debt

Most of us will take out loans and experience some debt over the course of our lifetimes. In this section we will explore the general categories of debt and help you improve your decision-making ability when it comes time to consider borrowing money.

There are two general categories of debt. We commonly refer to these two categories as "good" debt and "bad" debt.



Good debt refers to loans that are used to purchase items that we believe will go up in value or that provide a revenue stream that may increase our wealth over time. Purchasing assets through investment loans, home loans, and business loans or investing in skill development through student loans are generally considered good debt. However, it's important to remember that with all investments, the return on a given investment is never guaranteed.

Breaking Down Common Debt Types

Good Debt

Good debt is loans you use to purchase items that go up (appreciate) in value or that create revenue streams. Investment, home, and business loans, and student loans that help you develop marketable skills, are generally considered good debt. Good debt is the kind we use to buy assets – things like real estate, stocks, and businesses. The goal of good debt is to purchase items that we think will appreciate in value, so we increase our wealth over time.

Bad Debt

Loans you use to purchase items that go down (depreciate) in value or that are not designed to improve your financial situation are considered bad debt. Credit cards, personal loans, payday loans, and auto loans usually represent bad debt.

Good Debt can become Bad Debt

Situations may occur where good debt becomes bad debt, such as a home loan on a property that loses value or a student loan when you drop out of school.

Bad Debt can become Good Debt

Bad debt may sometimes move you closer to your financial goals, like using a credit card to buy professional clothes that help you land a high-paying job.

Types of Debt Loans & Debt

Materials:

- Handout with 'Breaking Down Common Debt Types' from Types of Debt

Explain that debt is the money you owe to a lender. This debt can be considered good or bad depending on the circumstances. Display or distribute the 'Good Debt and Bad Debt' graphic. As you go through each example, provide students with more context for each situation.

For example, someone might take on business loans to start a small business. Home loans are secured to pay off a house so that you eventually own the property, instead of giving money

to someone else as rent. Educational loans are used to pay for school so you can get a higher-paying job in the future and pay off the loan later.

Explain that good debt can turn bad depending on the situation. For example, if you take out student loans for a career that does not pay as much as the amount of loans you take out, you could be in debt for a long time. Display or distribute the ‘Breaking Down Common Debt Types’ handout. Read through the explanations of good and bad debt and how they can change.

3. Independent Practice (20 minutes)

Materials:

- Extension Materials: Good or Bad Debt Worksheet

Distribute the ‘Good or Bad Debt Worksheet.’ Explain that students will use their knowledge of good and bad debt to decide which facts are true and provide an explanation for facts that are false.

When students have completed the worksheet, review the answers as a class. The correct answers are below:

1. False; Large amounts of college loans that cannot be easily paid off with the prospective salary can cause the debt to be considered bad debt.
2. True
3. False; Home loans are generally considered good debt because they are an investment.
4. True
5. False; You can fix bad debt by making it a priority to pay off the debt and not adding to the amount of bad debt.

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Provide the following prompt to students:

- Explain the difference between good and bad debt and provide at least one example of each. Then explain how bad financial decisions can make good debt change to bad debt.

Lesson #2: Loan Fundamentals

Time: 60 minutes

Learning objectives:

- Students will be able to:
 - Understand how simple loans are calculated.
 - Explain the terms principal, credit report, interest rates, term of loan, and repayment plan.

Lesson Plan

1. Hook (10 min)

Materials: None

Ask students the following question:

What is something big you think you will want to buy in the next 5 years? [Answers might include paying for college, buying a car, buying a video game system, etc.]

Explain that when you make big purchases, you can use a loan to finance the purchase. It could be a loan from a bank using a credit card, or a long-term loan from a lender. If you don't pay the loan back at the end of the month, you will have to pay interest.

Pose the following question to students:

If you borrowed \$1,000 to purchase a new computer and the lender gave you the opportunity not to make payments for a year on a loan with a 24% interest rate, how much would you owe at the end of the year?

Explain that to find the interest you must multiply $1,000 \times 0.24$, which equals 240. That means you will owe an additional \$240 on top of the \$1,000 you already owed. Explain that during this lesson, students will learn more about how loans work and how you can pay less in interest by understanding these loan concepts.

2. Introducing the Content of the Lesson/Guided Practice (25 minutes)

Materials:

- Large paper to display vocabulary terms
 - Principal: total cost of loan
 - Interest rate: the amount the lender charges to borrow the money
 - Credit Report: a report of your history of borrowing money from lenders
 - Loan term: how long it takes you to pay back a loan

As you explain each term, add the term to the large paper for display. Explain that the principal balance of a loan is the total cost of the loan. Ask students to consider the laptop example again and ask: “What was the principal balance in that case (\$1,000)?” Explain that the interest rate is the amount of money the lender charges to borrow the money. Ask students to identify the interest rate for the previous example (24% of the loan). Explain that interest rates can be higher or lower depending on your borrowing history, known as your credit report.

Explain that your credit report is like a report card of the money you have borrowed in your life. This tells lenders how responsible you are at repaying a loan. The better you are at repaying loans, the better your credit. That means your lender will charge you less interest because you are more likely to pay the money back. Ask students to calculate how much you would save if you had an interest rate of 15% on the \$1,000 loan (\$150 interest, \$90 saved). Point out that you save a lot of money in the long term by having good credit.

Explain that the longer it takes you to pay off a loan, the more interest you pay. For example, in the original loan, the term length – that is, how long you have to pay off the loan – was 12 months. In this case, you would owe \$240 in interest at the end of the year, which means you would pay an extra \$20 per month ($240 \div 12$). However, if you paid off your entire loan in six months (20×6), you will only pay \$120 of interest. Therefore, the shorter your term length, the more money you save.

3. Independent Practice (20 minutes)



Materials:

- Loan Basics activity from Loans and Debt

Activity:
Loan Basics

This activity has you demonstrate your understanding of loan fundamentals by asking you to do some simple loan calculations.

Loan Fundamentals
Loans & Debt

Explain that, for questions 1 (c,a,d,b,e) and 2 (d,e,b,a,c), students will complete the activity by matching the amounts to the correct terms.

Ask students to answer question 3, but not to worry about the compounding interest (\$1,200); and to answer question four without the debt compounds (\$1,400). For students who want a challenge, you could offer for them to calculate the compounding interest; but you will need to provide the ‘Compounding Interest Introduction’ page of Loans and Debt to help with the calculations.

4. Assessment/Exit Ticket (5 minutes)

Materials:

- Notecard or sticky note per student

Provide the following prompt to students:

- What are the benefits of paying off a loan more quickly than the loan term allows? Give a specific example.



Extension Materials

This section contains the included materials for each extension activity. Make sure to read through the activities and materials carefully before the lesson; some materials must be cut out or arranged as directed.

Good or Bad Debt Worksheet

Lesson 1: Types of Debt

Directions: Next to each statement, write *T* for true or *F* for false. If the answer is false, provide an explanation on the line below the statement.

1. ___ College loans are always considered good debt, no matter how large the loans are.

2. ___ When you buy items that you want but don't need, this is considered bad debt unless you have the money to pay it off quickly.

3. ___ Home loans are considered bad debt because houses are very expensive and can take up to 30 years or more to pay off.

4. ___ Good debt can turn to bad debt.

5. ___ Once you have bad debt, there is nothing you can do to fix it.
